



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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## Grassley Urges Death Tax Repeal

WASHINGTON – Repealing the federal death tax is critical to the financial well-being and survival of family farms and small businesses, Sen. Chuck Grassley, chairman of the Committee on Finance, said today.

“Family farmers and small business owners live poor and die rich,” Grassley said. “Their assets are tied up in land, buildings and everything they need to keep things running. When the farmers or business owners die, their children pay a big penalty to the government on their inheritance. The product of a life’s work leaches away like seeds in poor soil.”

Grassley’s comments came after a subcommittee hearing at which a series of small business owners and farmers described the devastating effects of the death tax. President Bush proposes repealing the tax, and a growing number of members of Congress advocate repeal or reform.

Grassley said the compelling stories of taxpayers make a strong case for repealing the death tax. Janet and Thomas Lovell of Clear Lake, Iowa, testified about the impact of the death tax on the Clear Lake Independent Telephone Co., a 26-employee company that Janet Lovell’s great-grandfather founded soon after Alexander Graham Bell patented the telephone in 1876.

At the death of Mrs. Lovell’s grandparents, the family paid more than \$2 million in federal and state death taxes. Mrs. Lovell, her mother and her two sisters are the majority owners of the company. They worry about the future. Mrs. Lovell said, “In spite of all of our family’s planning through the years, we still don’t know if this company will survive the next estate tax bill when my parents pass on.”

Thomas D. Goodner of Goodner’s Supermarkets in Duncan, Okla., testified that his family opened a grocery store in 1937 and lived in the back. With five food stores and a restaurant, they now employ more than 700 people. So far they have paid more than \$700,000 in death taxes, and they expect to be in the 55 percent to 60 percent death tax bracket when Goodner dies.

K.L. Bliss, a third-generation rancher from Sand Springs, Mont., testified that when he dies, his son will have to sell a large portion of the family ranch to pay federal and state death taxes.

Grassley said it’s important to remember that diminishing a family farm or small business impacts not only the owners, but also the economic well-being of entire communities.

“The people of Clear Lake, Iowa, need the Clear Lake Independent Telephone Co. a lot more than the government needs to profit from the deaths of that company’s owners,” Grassley said. “People are willing to pay their fair share of taxes, but the government got greedy with the death tax. The death tax has to go.”

